

**Division 39: Commissioner of Main Roads, \$1 699 911 000 —**

Ms A.E. Kent, Chair.

Ms R. Saffioti, Minister for Transport.

Mr P. Woronzow, Director General, Department of Transport.

Mr D. Snook, Acting Managing Director.

Mr M. Cammack, Director, Budget and Investment Planning.

Mr P. D'Souza, Executive Director, Finance and Commercial Services.

Mr D. Morgan, Executive Director, Planning and Technical Services.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly state what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Roe.

**Mr P.J. RUNDLE:** I refer to paragraph 18 on page 614, “Regional Road Safety Program”. This is a flow-on from my question earlier and it relates to the increase in sealing the road shoulders. I know a lot of work has been done on Albany Highway, Brookton Highway and the like, but once again I am concerned about standards and the quality control. I would like the minister’s comments. I certainly applaud the program as such, but I am worried about the success rate and the quality controls. I would appreciate any comments. If the minister would like, I can detail what has gone wrong.

**Ms R. SAFFIOTI:** Has the member got any detail on what has gone wrong?

**Mr P.J. RUNDLE:** In a variety of places when a truck has gone off over the side into the new area, quite often it leaves massive wheel marks and indentations. The road shoulder has been built up and when a road train or the like comes off the road, it causes severe indentations, which has created real headaches in certain areas. The road seal has not sustained for any decent length of time. I am talking about it breaking up within a couple of months.

[2.50 pm]

**Ms R. SAFFIOTI:** I am just getting some feedback. There has not been an unusually high number of complaints about the work that has been undertaken. By the end of the next financial year, 7 900 kilometres of roads will have received safety treatments. I do not believe there has been an unusually high number of complaints, but, of course, I suspect there will be issues with the quality of work done on projects from before and since I became the minister. As Mr Woronzow outlined earlier, an assessment of the work is undertaken and when it is seen to be below the appropriate standard, rectification is required.

The former member for Collie–Preston used to tell me when we were in opposition and in government about some of the work done on Collie roads. He was very upset about some of the work that had been undertaken. We have not had an unusually high number of complaints, but, of course, in some instances, when work is not up to scratch, rectification is required. I remember when we were in opposition, Mick Murray talked a lot about how we manage maintenance contracting and more generally about Main Roads WA being an informed purchaser. A big theme in contracting out is making sure that we continue to build up the skills in Main Roads throughout the state after the wholesale contracting out, and a lot of that is about making sure we have people on the ground who are informed purchasers who can understand and oversee projects. I think it is incumbent on government to make sure that across all agencies we recruit the right people to oversee some of the work that is undertaken. Bringing road maintenance contracts back into government will help to do that and make sure there is a continued focus on quality control.

**Mr P.J. RUNDLE:** The minister certainly knows my thoughts on this issue because we have had discussions about the various companies and so on that contract with Main Roads. Can the minister outline the warranty situation and the time period? Is the warranty just until the job is done right? How does it work?

**Ms R. SAFFIOTI:** I will ask Mr Woronzow to comment.

**Mr P. Woronzow:** If contractor is doing a major piece of work, the defect liability period runs to seven years. If it is minor works, as in the case of some of the works that the member identified, it will be 12 months. But, as I said, our works inspectors satisfy us that all the works that are done are to an adequate standard, and that 12 months gives us enough time to rectify works.

**Mr P.J. RUNDLE:** I have a final question from a layman. Is there a standard for the thickness of seals and the like? It seems to me that the standard of road building now does not compare with that of 20, 30 or 40 years ago. We seem to have much quicker one-off sealing jobs without work on the foundation, or the base, which, as I said, quite readily, sometimes within a week or two, wears through or gets pierced. Has there been a change in the quality arrangements for sealing a normal road?

**Mr P. Woronzow:** Main Roads, like all the road authorities in Australia, belongs to an organisation called AustRoads. AustRoads sets the standards for seals. Those standards in many ways have increasingly become more onerous. The suppliers of bitumen material and the providers of sealing services have been quite innovative over the last four or five years. They have put in place processes for putting crumb rubber and plastics in some bitumen products and have brought down the temperature at which a lot of these products can be applied. In many ways, the whole industry has become more innovative and, as a result, it should be getting better. I think the minister explained it pretty well. In the last year and a half, we have put treatments on and sealed shoulders and put audible edge lines on 5 000 kilometres of the high-speed road network. The state has never seen that scale of work on regional roads before. When we are doing 5 000 kilometres—we did have a discussion about pushing out the end of the sealing season—and trying to deliver that scale of work in the time frame that has been given to us, out of that, we will see some failures. But, as I said, we have surveillance officers working alongside those contractors to pick up those things, and it is my clear expectation that the contractors will rectify them.

**Mr R.S. LOVE:** I turn to page 615, works in progress and the Bunbury Outer Ring Road. I want to get an understanding of when the cost blowouts that have occurred really manifested. The project went from \$852 million to \$1.25 billion.

**The CHAIR:** Member for Moore, can you just direct me to where this is in the *Budget statements*, please?

**Mr R.S. LOVE:** It is page 615. I did say it is works in progress and the Bunbury Outer Ring Road.

Can the minister explain how that came about and what the effect will be on the project in terms of the efficiencies gained by moving to roundabouts instead of the four flyovers that were due to be constructed? Does that mean that the actual cost blowout is much more than the \$400 million or so that that represents?

**Ms R. SAFFIOTI:** I am just trying to recall the timing of that. As part of our review of the cost of most of our projects, we noted significant cost pressures on the Bunbury Outer Ring Road. We approached the former federal government, probably before the midyear review, as I recall, to outline the cost pressures with the project. We briefed the local federal member at the time on the cost pressures. We engaged with the commonwealth on how to deal with those cost pressures. We did not have formally crystallised numbers to any degree, but we knew there were significant increases in the cost of key components and massive increases in haulage for some of the products.

The Bunbury Outer Ring Road was held up as one of the best alliance models of contracting across Australia. In fact, I think the previous government used the Bunbury Outer Ring Road as the best example of alliance contracting whereby all the key players are around the table. We included some very aggressive numbers for engagement with local suppliers—for example, local sand carting businesses—and we were very keen not to lose opportunities for local businesses and Aboriginal employment. We approached the commonwealth government.

[3.00 pm]

The commonwealth government said that it wanted to do an independent cost review and we agreed. Our agency worked with the cost review and submitted all the appropriate work. The commonwealth government, together with the agency, then determined the price for the project. The scope was up to the commonwealth government. It funded 80 per cent of it and wanted to include the full interchanges, but we made the pragmatic and right decision to change the scope slightly. It still will not impact on some of those efficiency savings to any great degree; the design of the roundabouts will ensure that. It will still be a very big project that will not only improve efficiency for the whole corridor, but also provide better connections into the port. We talked about the regional port expansions. We want to see Bunbury port continue to increase its role in trade in the area and to support local residents. I do not go down south that often, I admit, but when I do, the number of residential developments I see in the Capel area through to Bunbury is amazing and very significant. Without this project, residential activity would be severely limited and the ability to continue increasing some of those housing investments would also be limited.

**Mr R.S. LOVE:** In part of the minister's answer she spoke about the scale of the project and that the sand has to be carted et cetera. Surely that was known at the time the project commenced and did not change during the project. The scale of the project was known, but it seems there really was not a good understanding at the time that the project commenced of what the price of the materials and delivery would be. Is the minister confident that the delivery of the project is not part of the problem and that it is all about the cost increases in materials?

**Ms R. SAFFIOTI:** First of all, of course we knew the scale of the project, but I think it is fair to say that no-one could have anticipated the price increases. Someone who builds a pergola will be hit with price increases. We entered into the contract long before the housing market went crazy and all the other supply chain challenges happened, such as the flood that took out the east-west rail line, COVID continuing for 18 months longer than anyone anticipated, and Russia invading Ukraine. A number of things were not anticipated, and those cost increases were significant. We are confident that the alliance model is the right one. I think it was referred to in one of the questions asked by the member for Vasse when she was shadow Minister for Transport; she asked why we do not use the alliance model used for the Bunbury Outer Ring Road. I think it was actually held up by the opposition in its election campaign as the perfect model for contracting. The former federal government also highlighted that it was a very good form of contracting. We are confident about the form of contracting, but the massive price increases have had an impact.

**Mr R.S. LOVE:** The minister mentioned that the federal government did a review of the costs. What involvement did Main Roads have in independently looking at this project at the time that the contracts were let, to ascertain whether it was a realistic project in terms of its delivery and the costs that were originally applied to it?

**Ms R. SAFFIOTI:** My recollection of the tender process is that it was a good process. There was not any extreme low bidding happening. It was a solid tender process. Sometimes there are extremely low bids, but I do not recall that happening for this project. There was a competitive tender process and it was verified at the time that the costs provided were appropriate. On the bigger projects, we do, in a sense, reference some of the bids to what we think should be the appropriate price. There were no alarm bells ringing about the price of delivering the project. It is a big project and there have been a lot of challenges. There have been other environmental constraints that we have had to meet. People ask about the impact of all these cost escalations on the project. As I always say, it depends on where we are in the process, and this process felt the full brunt of all those different factors that are affecting the economy at the moment: supply chain issues, an escalation in the cost of materials and some of the labour force issues more generally.

However, we are determined that this project will deliver benefits to businesses in the south west. I will say this very plainly: as with road projects in the north, we could try to do projects like this as quickly as possible and not involve local businesses. We could have people coming in to do them and then leaving, but I do not think that that is what the communities want. They want as much local benefit, and benefit for local businesses, as possible. Sometimes that will involve more costs, but the benefits flow to local businesses and that supports local communities. I think that is what people want. As with projects in the north, we have deliberately decided to deliver projects over multiple years. We could have a big contractor come in and get them done as quickly as possible, over one or two years, or we could take four or five years and have benefits for the local Aboriginal people, traineeships, and support for local businesses. We have made a deliberate decision to support local communities and local businesses through our major projects.

**Mr R.S. LOVE:** Can the minister outline to me how much was saved by the decision to change from four interchanges to four roundabouts? What did that save in terms of the cost of the project?

**Ms R. SAFFIOTI:** The original project scope, as I recall, involved some upgrades to existing intersections—stage 2, as I recall. We are not making all of those improvements. The independent cost review looked at the proposed new scope of the project. I do not have the figures in front of me for the full cost of the original project, sorry.

**Mr R.S. LOVE:** Would it be possible to provide that?

**Ms R. SAFFIOTI:** By way of supplementary information? Yes. That is the full cost of the original scope of the project.

*[Supplementary Information No A14.]*

**Mr R.S. LOVE:** Does the minister not believe that there is any need for a review of the way this project is being conducted or any of the decision-making around it, despite the cost blowout that has occurred?

**Ms R. SAFFIOTI:** The commonwealth did a review.

[3.10 pm]

**Mr R.S. LOVE:** No, from the state government's point of view. It is paying part of it, as well.

**Ms R. SAFFIOTI:** But the commonwealth government did undertake a review. On one of the first occasions, the commonwealth undertook an independent cost review, and it came up with the same answers that we did.

**Mr R.S. LOVE:** Okay. We have discussed the southern section here before. Are the environmental approvals in place for the southern section?

**Ms R. SAFFIOTI:** They are being finalised at the moment. I understand that it has gone through the appeals process and we are waiting for the minister's decision.

**Mr R.S. LOVE:** They are still not approved?

**The CHAIR:** The minister has answered the question. Next question, please.

**Mr R.S. LOVE:** It is the same question; are they not approved?

**Ms R. SAFFIOTI:** No, they are going through the final process. I did say that.

**Mr R.S. LOVE:** Is the \$1.25 billion allocation enough to finish the project all the way to Bussell Highway at this stage? Is that the whole scope of the project using the existing proposed corridor?

**Ms R. SAFFIOTI:** Yes.

**Mr R.S. LOVE:** Okay, thank you. That is it for that issue. I have a different question. I refer to the rail crossing program on page 616 of budget paper No 2, volume 2, under other works in progress. There is an allocation for that project of \$5 million per annum across the forward estimates. The rail crossing program has been there for a long time. As the minister knows, the Leader of the National Party has been advocating for a group of people who have tragically lost family members at rail crossings and want to see the improvement of passive rail crossings. The federal government has announced a program that includes \$160 million, I think, or \$180 million in total to match state government expenditure four to one. Will the minister be making an application to be involved in that program?

**Ms R. SAFFIOTI:** I do not think we should be playing politics on who says what on this, but I want to make it very clear that the state has been investing in this program for many years and undertaking a number of improvements. For example, more recently we used some underspend on other projects to improve rail crossing safety on the *Prospector* line, as I recall. There was one in Toodyay; we have done a couple over the past financial year. We have allocated our \$5 million-plus and we have undertaken some other improvements. When the Leader of the Opposition raised this issue in Parliament, as the member knows, I took it very seriously and raised it with the then Deputy Prime Minister, Barnaby Joyce. We did not hear much about it until money was allocated in the budget, and because of the timing of the election, we have been unable to get clarity on how that money will be distributed. We support and appreciate that provision, but it was a one-line provision and we still do not have clarity on how that will be allocated around the states. Meanwhile, the state has been allocating the \$5 million-plus. Because of the closure of the Armadale line and the impact that will have on the *Australind* line, we are going to take next year as an opportunity to upgrade a number of rail crossings on the *Australind* line. For example, we will be installing boom gates in Yarloop at Station Street and Clifton Street, in Picton at Waterloo Road, and at Leslie Street and Lakes Road; we will be renewing the flashing lights at Johnston Road and Peterson Road; we will be upgrading the automatic gate pedestrian crossing on Uduc Road; and we will also be renewing pedestrian crossings at Forrest Avenue, Uduc Road south, and also Watkins Road in Mundijong. We have allocated an additional \$3 million for all those *Australind* line works, too.

We take this issue very, very seriously. We are investing a lot across the state and we will continue to invest as much as we can, but we still do not have clarity from the federal government on how much we are going to get. Like I said, I do not want to be too political about this, but we are very keen to partner and do what we can to improve safety.

**Mr R.S. LOVE:** I want to ask the minister about a couple of projects in my own electorate. It is a bit of selfishness coming out, but not really, because they are very important projects, including the Bindoon bypass, which is on page 615 under other works in progress and Great Northern Highway. My concern here is that that project has been smoothed and has a delayed start date. The estimated amount of money placed against it is the same as it was two years ago, as I understand it. Is that now a realistic amount of money to deliver that program, and what threat does that place on the delivery of the program?

**Ms R. SAFFIOTI:** It is hard to comment on a question about cost, because I do not really want to speculate on that, but work has been undertaken on that project. I was able to see a seven-kilometre section of new upgraded highway before Christmas, on 17 December. That was working with an Indigenous contractor and that worked very, very well. We are also expecting to go to tender within the next couple of months for the next 11-kilometre section of the highway. We are continuing work and we are working well with Indigenous contractors for those projects. It is hard to speculate about costs, but I think under our current methodology we are keeping costs within the estimates that are there at the moment.

**Mr R.S. LOVE:** On the same page, a few lines down, is "Indian Ocean Drive—Jurien Bay to Brand Highway". There is still \$55 million allocated for that project. Of course, it may not be as flash as it was going to be. Has the planning been completed for that and when does the minister think it might be delivered? Will it still involve a diversion via another road and will any compensation be offered to retailers affected by the proposed closure of Indian Ocean Drive?

**Ms R. SAFFIOTI:** Firstly, there has been no decision about closures, so I think that is number one. The project is going to be delivered in two stages. For the first stage, we expect to hopefully go to tender to start in July or August of this year, and then the next stage of the project is expected to commence at the end of next year. I think the closures and the impact of detouring traffic really relate to stage 2. We will be doing further analysis of not only the extra travel time of the detour, but also the impact of not having a detour on the construction time frame and the safety of undertaking the project without a full detour. No decision has been made because stage 2 is not expected to commence until the end of next year.

[3.20 pm]

**Mr R.S. LOVE:** Before we conclude this division, I want a bit of clarity. There is an item for Metronet in the estimates schedule, and also in the budget. Both Main Roads and the Public Transport Authority have some projects under Metronet. Is it best to talk about them all at once?

**Ms R. SAFFIOTI:** Which projects is the member talking about?

**Mr R.S. LOVE:** The Main Roads projects under Metronet.

**Ms R. SAFFIOTI:** The member can point to the projects he wants to talk about and I will find out whether we can talk about them.

**Mr R.S. LOVE:** I want a bit of understanding around the Caledonian Avenue rail crossing closure and the timing of the delivery of the road improvements that have been mooted to replace that crossing. The closure of that crossing is causing great inconvenience, as the minister would probably understand. How quickly will the Meltham train station bridge treatment be put in place, and also the improvements to access the Seventh Avenue bridge?

**Ms R. SAFFIOTI:** Sure. There are a number of different projects. As part of the Caledonian Avenue project, we did a thorough analysis of the different options, such as building a bridge over Caledonian Avenue, which would have meant different options and different streets. Whichever option we looked at would have involved the demolition of a number of homes; I think the least impact would have been 15 homes. When we looked at building a bridge, or some sort of subway for vehicles, it would have had a significant impact. It was determined that it was impractical to do that and that the impact on the local community and the suburb would have been too high. That is why we went for the closure. As part of that, we have allocated \$15 million to improve local roads and paths. In allocating that \$15 million, we have been consulting with the community reference group to try to get the best solution. When we undertake consultation, people want to have their say; as a result, there has been a lot of discussion about what to improve and lot of views put forward. The community reference group has met a number of times. One of the projects that we are looking at is protected bike lanes on Railway Parade. We are doing some work on that and hope that those bike lanes will become operational in coming months.

We are also looking at how we can improve the underpass at Maylands train station. Having looked at it, I can understand why people want to be able to get through that more quickly, but we also need to make sure that that will not impact too much on pedestrians who go through that underpass. We are looking at a signalised junction at Hotham Street bridge. We are also looking at new intersection treatment at Whatley Crescent–Caledonian Avenue. The local community has different views on that project and whether it should be a T-junction or a roundabout, and we are trying to work through that. We are also looking at pedestrian facilities at Guildford Road–Eighth Avenue.

Maylands businesses have also approached the council about a redesign of the entire Eighth Avenue–Whatley Crescent area. As I have said, my daughter plays soccer nearby, so I end up there most Saturday mornings. Anyone who goes there would know the train station, the underpass on Eighth Avenue, and the coffee shops and small businesses across the road on Whatley Crescent. There is a lot of planning or work that people want done to make that area more pedestrian friendly, and with a slower speed environment, and also discussions about whether particular roads should be one-way traffic rather than two-way traffic. We put forward \$250 000 to the City of Maylands to run a local activation program. There is a view that the city may not be keen to partner with us on that, so we may need to do it ourselves, which is a bit of a pity, but we will do that. We will work with the community reference group and local businesses on a plan and will invest in that over time. We are doing the planning and some of the works on protected bike lanes. Work on some of those protected bike lanes, which seems to be the more significant concern, is underway now.

**Mr G. BAKER:** I refer to page 617 of the budget papers, specifically the \$1.6 billion estimated expenditure for 2021–22 on Main Roads' total asset investment program. Would the minister please outline how successful Main Roads has been in delivering the forecast estimates for this year compared with previous estimates?

**Ms R. SAFFIOTI:** The answer is very good news, member. We had a very ambitious spend for 2021–22. I think I have noted in this place that the Leader of the Liberal Party talked about the underspend on our capital works program. We are very much on track to deliver our forecast capital works expenditure for 2021–22. It is a credit to the Main Roads team that we are spending 100 per cent of what we had targeted to spend. Given all the challenges that we have outlined, it has done a great job in delivering 100 per cent of what we had said we would spend. This

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Wednesday, 25 May 2022]

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Mr Peter Rundle; Ms Rita Saffioti; Mr Shane Love; Mr Geoff Baker

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also shows that the deliberate decision that we made last year to delay or defer projects allowed us to manage the construction of those projects in such a way that we are on target to spend 100 per cent of the budget allocated.

**Mr R.S. LOVE:** The minister said that Main Roads has spent 100 per cent of the budget allocated. Did it also get done 100 per cent of the work that it had expected to get done?

**Ms R. SAFFIOTI:** Yes.

**Mr R.S. LOVE:** Did the spend on Bunbury Outer Ring Road get what the minister wanted?

**The CHAIR:** The minister has answered the question.

**The appropriation was recommended.**

*Meeting suspended from 3.27 to 3.34 pm*